

PROGRAM BENEFITS

The Iowa Finance Authority's (IFA) 2018 Mortgage Credit Certificate Program can save Iowa home buyers up to \$2,000 on their federal taxes, every year for the life of their loan!

The program awards a tax credit valued at 50% of the annual mortgage interest paid and is available annually as long as the home remains the home buyer's primary residence.

EXAMPLE

A home buyer qualifies for a mortgage loan of \$100,000 at a fixed interest rate of 4.0%.

Interest Paid in Year 1 = \$3,968

X 50%

Year 1 Credit = \$1,984



IOWA FINANCE
AUTHORITY

800.432.7230

IowaFinanceAuthority.gov

2015 Grand Avenue

Des Moines, Iowa 50312



2018

Mortgage Credit Certificate
(MCC) Program

IOWA FINANCE AUTHORITY

* Calculation of the federal tax credit depends on borrowers' situation. Please seek the advice of a tax professional

HOME BUYER ELIGIBILITY

Home buyers must:

Meet federal income limits for Iowa, which vary by household size and county;

AND

Be purchasing a home in Iowa to be occupied as a primary residence;

AND

Meet one of the following:

1. Be a first-time home buyer, defined as a person who has not had an ownership interest in their primary residence in the past three years; OR
2. Purchase a home in a Targeted Area; OR
3. Be a military veteran with a discharge other than dishonorable who has not previously used a Mortgage Revenue Bond Program.

Income limits, Targeted Area details and an eligibility quick check are available at IowaFinanceAuthority.gov.

MAXIMUM PURCHASE PRICE

\$253,000 for properties not in Targeted Areas

\$310,000 for properties in Targeted Areas

QUALIFIED FINANCING

To be eligible for an MCC, the applicant must be financing a new purchase of an eligible property through an IFA Participating Lender.

Eligible Financing:

- Financing through IFA's Homes for Iowans Program
- Other fixed-rate mortgages offered by an IFA Participating Lender

Financing that does not qualify:

- Financing through IFA's FirstHome Program
- An Adjustable Rate Mortgage (ARM) or balloon mortgage
- Financing not closed in the name of an IFA Participating Lender
- Financing for a property in which the applicant has any prior ownership interest
- Financing which closes prior to receiving a written commitment from IFA

APPLICATION PROCESS

- 1 Home buyer contacts an IFA Participating Lender. A list of lenders is available at IowaFinanceAuthority.gov.
- 2 Lender collects all eligibility verifications, makes a reservation in IFA's online lender portal and submits the required eligibility documents to IFA for review.*
- 3 Once preliminary eligibility has been determined, IFA will issue a written commitment to the lender. The lender must obtain the commitment from IFA prior to closing in order to qualify for the MCC.
- 4 Upon loan closing, the lender uploads final eligibility documents to IFA. IFA confirms eligibility and sends the MCC to the home buyer and lender after closing.
- 5 Homeowner uses the MCC to calculate federal credit.

QUICK FACTS

- Homeowner must have a tax liability to use the credit.
- For homeowners without a tax liability in a given year, the credit can be carried forward for up to three years.
- The MCC may be reissued upon refinance and may be transferable upon sale under certain conditions if reissued by IFA in accordance with program requirements.
- Funding for the program is limited. The MCCs will be provided on a first-come, first-served basis. The MCC may be combined with available IFA grants for down payment and closing costs.

* A borrower application fee must be paid prior to review if the applicant is not using an IFA mortgage. No application fee is required with an IFA mortgage.